Lesson overview and learning objectives:

In last Lesson we discussed the marketing information system. Today's Lesson Outlines the marketing research process, including defining the problem and research objectives and developing the research plan. We will also discuss the key issues of planning primary data collection, implementing the research plan and interpreting and reporting the findings.

So our today's topics are:

A. THE MARKETING RESEARCH PROCESS:

a. Marketing Research an Introduction:

Every marketer needs marketing research, and most large companies have their own marketing research departments. Marketing research involves a four-step process. The first step consists of the manager and researcher carefully defining the problem and setting the research objectives. The objective may be exploratory, descriptive, or causal. The second step consists of developing the research plan for collecting data from primary and secondary sources. Primary data collection calls for choosing a research approach (observation, survey, experiment); choosing a contact method (mail, telephone, personal); designing a sampling plan (whom to survey, how many to survey, and how to choose them); and developing research instruments (questionnaire, mechanical). The third step consists of implementing the marketing research plan by collecting, processing, and analyzing the information. The fourth step consists of interpreting and reporting the findings. Further information analysis helps marketing managers to apply the information and provides advanced statistical procedures and models to develop more rigorous findings from the information.

Some marketers face special marketing research considerations, such as conducting research in small-business, non-profit, or international situations. Marketing research can be conducted effectively by small organizations with small budgets. International marketing researchers follow the same steps as domestic researchers but often face more challenging problems. All organizations need to understand the major public policy and ethics issues surrounding marketing research.

b. Uses & Application of Research in Marketing:

Decision-making is crucial process in all types of the organization. This decision-making requires then information that is collected and acquired through the marketing research process this information can be regarding customers companies or competitor or the other environmental factors. Major uses of the marketing research in the organizations are as following:

- Measurement of market potential.
- Analysis of market share.
- Determination of market characteristics
- Sales analysis.
- Product testing.
- Forecasting.

- Studies of business trends
- Studies of competitors' products.

c. THE MARKETING RESEARCH PROCESS

1. Problem Definition and the Research Objectives
2. Developing the Research Plan
3. Implementation
4. Interpretation and Reporting of Findings

Before researcher can provide managers with information, they must know what kind of problem the manager wishes to solve. Marketing research process has following steps

1. Defining the problem and research objectives
2. Developing the research plan,
3. Implementing the research plan, and
4. Interpreting and reporting the findings.

Now we will discuss these steps in detail:

Step 1 Defining the Problem and Research Objectives

The marketing manager and the researcher must work closely together to define the problem carefully and agree on the research objectives. Marketing managers must know enough about marketing research to help in the planning and to interpret research results. Defining the problem and research objectives is often the hardest step in the process. After the problem has been defined carefully, the manager and researcher must set the research objectives. The three general types of objectives are:

1. Exploratory research where the objective is to gather preliminary information that will help to better define problems and suggest hypotheses for their solution.

2. Descriptive research is where the intent is to describe things such as the market potential for a product or the demographics and attitudes of customers who buy the product.

3. Casual research is research to test hypotheses about cause-and-effect relationships.

The statement of the problem and research objectives will guide the entire research process. It is always best to put the problem and research objectives statements in writing so agreement can be reached and everyone knows the direction of the research effort.

Step 2 Developing the Research Plan

In developing the research plan, the attempt is to determine the information needed (outline sources of secondary data), develop a plan for gathering it efficiently, and presenting the plan to marketing management. The plan spells out specific research approaches, contact methods, sampling plans, and instruments that researchers will use to gather new data. The firm should know what data already exists before the process of collecting new data begins. The steps that should be followed are. Developing the research plan involves all of the following

1. Determining Specific Information Needs
2. Gathering Secondary Information
3. Planning Primary Data Collection

1). Determine specific information needs. In this step research objectives are translated into specific information needs. For example, determine the demographic, economic, and lifestyle characteristics of a target audience

2). Gathering secondary information.

a). Secondary data is information that already exists somewhere, having been collected for another purpose. Sources of secondary data include both internal and external sources. Companies can buy secondary data reports from outside suppliers (i.e., commercial data sources).

Information can be obtained by using commercial online databases. Examples include CompuServe, Dialog, and Lexis-Nexus. Many of these sources are free. Advantages of secondary data include

1. It can usually be obtained more quickly and at a lower cost than primary data.
2. Sometimes data can be provided that an individual company could not collect on its own.

Some problems with collecting secondary data include:

1. The needed information might not exist.
2. Even if the data is found, it might not be useable.
3. The researcher must evaluate secondary information to make certain it is relevant, accurate, current, and impartial. Secondary data is a good starting point; however, the company will often have to collect primary data.

b). Primary data is information collected for the specific purpose at hand. Planning Primary Data Collection. A plan for primary data collection calls for a number of decisions on research approaches, contact methods, sampling plans, and research instruments.

Research Approaches:

a). Research approaches can be listed as:

1. Observational research where information is gained by observing relevant people, actions, and situations. However, some things such as feelings, attitudes, motives, and private behavior cannot be observed. Mechanical observation can be obtained through single source data systems. This is where electronic monitoring systems link consumers' exposure to television advertising and promotion (measured using television meters) with what they buy in stores (measured using store checkout scanners). Observational research can be used to obtain information that people are unwilling or unable to provide.
2. Survey research is the gathering of primary data by asking people questions about their knowledge, attitudes, preferences, and buying behavior. Survey research is best suited for gathering descriptive information. Survey research is the most widely used form of primary data collection The major advantage of this approach is flexibility while the disadvantages include the respondent being unwilling to respond, giving inaccurate answers, or unwilling to spend the time to answer.
3. Experimental research involves the gathering of primary data by selecting matched groups of subjects, giving them different treatments, controlling related factors, and checking for differences in-group responses. This form of research tries to explain cause-andeffect relationships. Observation and surveys may be used to collect information in experimental research. This form is best used for causal information.

A. THE MARKETING RESEARCH PROCESS (Continued) B. CONSUMER MARKET

Contact Methods:

Contact methods are used to obtain the information Contact methods can be listed as:

1. **Mail questionnaires**--used to collect large amounts of information at a low cost.
2. **Telephone interviewing**--good method for collecting information quickly.
3. **Personal interviewing** (which can be either individual or group interviewing). A form of personal interviewing is "focus group interviewing". Focus-group interviewing consists of inviting six to ten people to gather for a few hours with a trained interviewer to talk about a product, service, or organization. The interviewer "focuses" the group discussion on important issues.
4. **Online** (Internet) marketing research can consist of Internet surveys or online focus groups. Many experts predict that online research will soon be the primary tool of marketing researchers.

5. **Computer interviewing** is a new method being used in the technology age. Consumers read questions from a computer screen and respond.

Sampling plans are used to outline how samples will be constructed and used.

1. A sample is a segment of the population selected for marketing research to represent the population as a whole.
2. Marketing researchers usually draw conclusions about large groups of consumers by studying a small sample of the total consumer population.
3. Designing a sample calls for three decisions:
    - Who is to be surveyed (what sampling unit)?
    - How many people should be surveyed (what sample size)?
    - How should the sample be chosen (what sampling procedure)?
4. Kinds of samples include:
    - Probability samples--each population member has a known chance of being included in the sample, and researchers can calculate confidence limits for sampling error.
    - Nonprobability samples--sampling error cannot be measured.

Research Instruments:

In collecting primary data, marketing researchers have a choice of two main research instruments—the questionnaire and mechanical devices. The questionnaire is by far the most common instrument, whether administered in person, by phone, or online. Questionnaires are very flexible—there are many ways to ask questions. However, they must be developed carefully and tested before they can be used on a large scale. A carelessly prepared questionnaire usually contains several errors.

In preparing a questionnaire, the marketing researcher must first decide what questions to ask. Questionnaires frequently leave out questions that should be answered and include questions that cannot be answered, will not be answered, or need not be answered. Each question should be checked to see that it contributes to the research objectives

The form of each question can influence the response. Marketing researchers distinguish between closed-end questions and open-end questions. Closed-end questions include all the possible answers, and subjects make choices among them. Examples include multiple-choice questions and scale questions. Open-end questions allow respondents to answer in their own words. Open-end questions often reveal more than closed-end questions because respondents are not limited in their answers. Open-end questions are especially useful in exploratory research, when the researcher is trying to find out what people think but not measuring how many people think in a certain way. Closed-end questions, on the other hand, provide answers that are easier to interpret and tabulate.

Researchers should also use care in the wording and ordering of questions. They should use simple, direct, unbiased wording. Questions should be arranged in a logical order. The first question should

create interest if possible, and difficult or personal questions should be asked last so that respondents do not become defensive.

Although questionnaires are the most common research instrument, mechanical instruments also are used. We discussed two mechanical instruments, people meters and supermarket scanners, earlier in the chapter. Another group of mechanical devices measures subjects' physical responses.

Step 3 Implementing the Research Plan

The researcher next puts the marketing research plan into action. This involves collecting, processing, and analyzing the information. Data collection can be carried out by the company's marketing research staff or by outside firms. The company keeps more control over the collection process and data quality by using its own staff. However, outside firms that specialize in data collection often can do the job more quickly and at a lower cost.

The data collection phase of the marketing research process is generally the most expensive and the most subject to error. The researcher should watch fieldwork closely to make sure that the plan is implemented correctly and to guard against problems with contacting respondents, with respondents who refuse to cooperate or who give biased or dishonest answers, and with interviewers who make mistakes or take shortcuts.

Step 4 Interpreting and Reporting the Findings

The final step in the marketing research process is interpreting and reporting the findings. The researchers should keep from overwhelming managers with numbers and fancy statistical techniques. Researchers should present important findings that are useful in the major decisions faced by management. Interpretation should not be left only to researchers. Marketing managers will also have important insights into the problems. Interpretation is an important phase of the marketing process. The best research is meaningless if the manager blindly accepts wrong interpretations from the researcher.

The researcher must now interpret the findings, draw conclusions, and report them to management. The researcher should not try to overwhelm managers with numbers and fancy statistical techniques. Rather, the researcher should present important findings that are useful in the major decisions faced by management.
However, interpretation should not be left only to the researchers. They are often experts in research design and statistics, but the marketing manager knows more about the problem and the decisions that must be made. In many cases, findings can be interpreted in different ways, and discussions between researchers and managers will help point to the best interpretations. The manager will also want to check that the research project was carried out properly and that all the necessary analysis was completed. Or, after seeing the findings, the manager may have additional questions that can be answered through further sifting of the data. Finally, the manager is the one who ultimately must decide what action the research suggests. The researchers may even make the data directly available to marketing managers so that they can perform new analyses and test new relationships on their own.

Interpretation is an important phase of the marketing process. The best research is meaningless if the manager blindly accepts faulty interpretations from the researcher. Similarly, managers may be biased—they might tend to accept research results that show what they expected and to reject those that they did not expect or hope for. Thus, managers and researchers must work together closely when interpreting research results, and both must share responsibility for the research process and resulting decisions

A. Consumer Market:

a. Defining Consumer Market:

All individuals and households who buy or acquire goods and services for personal consumption are termed as consumers. Markets have to be understood before marketing strategies can be developed. People using consumer markets buy goods and services for personal consumption. Consumers vary tremendously in age, income, education, tastes, and other factors. Consumer behavior is influenced by the buyer's characteristics and by the buyer's decision process. Buyer characteristics include four major factors: cultural, social, personal, and psychological

Consumer Markets:

Consumer Buying Behavior refers to the buying behavior of final consumers—individuals and households who buy goods and services for personal consumption.

The world consumer market consists of more than 6 billion people. At present growth rates, the world population will reach almost 8 billion people by 2025. Consumers around the world vary tremendously in age, income, education level, and tastes. They also buy an incredible variety of goods and services. How these diverse consumers connect with each other and with other elements of the world around them impacts their choices among various products, services, and companies. Here we examine the fascinating array of factors that affect consumer behavior.

b. Why to Study Consumer Behavior:

Basic objective of the studying consumer behavior is that the firm needs to know who buys their product? How they buy? When and where they buy? Why they buy? How they respond to marketing stimuli. Because they study consumer behavior (CB) what Consumer Behavior is about?

How, why, where and when consumers make purchase decisions? Considers who influences the decisions? What is Consumer Behavior about? All these are important questions, which are to be known to the companies so that they can design, and implement marketing strategies to satisfy the customers. Consumers determine the sales and profits of a firm by their purchase decisions, thus the economic viability of the firm. In late 1990, US consumers were spending enough dollar bills to stretch from the Earth to the Sun and back, with enough left over for over 600 lines to the moon! Along with these questions companies should also be knowing some other factors like what is Disposable income and what is Discretionary income what is the stage of family life cycle stage because these all these factors influence the consumer behaviors which are very important to the marketers.

c. Consumer Behavior

Consumer behavior is the process through which the ultimate buyer makes purchase decisions. This can be defined as the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires (Solomon, 1996). Those actions directly involved in obtaining, consuming and disposing of products and services, including the decision processes that precede and follow those actions (Engel et al. 1995). Consumer behavior examines mental and emotional processes in addition to the physical activities as by (Wilkie 1990).

d. Marketing Applications:

Consumer behaviors plays important role in almost all types of decisions to be made in marketing. For the reason being that all functions performed in marketing revolve around the customers and consumers. Like:

Positioning: Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers. Some firms find it easy to choose their positioning strategy. For example, a firm well known for quality in certain segments will go for this position in a new segment if there are enough buyers seeking quality. But in many cases, two or more firms will go after the same position. Then, each will have to find other ways to set itself apart. Each firm must differentiate its offer by building a unique bundle of benefits that appeals to a substantial group within the segment.

The positioning task consists of three steps: identifying a set of possible competitive advantages upon which to build a position, choosing the right competitive advantages, and selecting an overall positioning strategy. The company must then effectively communicate and deliver the chosen position to the market.

Segmentation: Dividing a market into distinct groups of buyers on the basis of needs, characteristics, or behavior who might require separate products or marketing mixes. Market segmentation reveals the firm's market segment opportunities. The firm now has to evaluate the various segments and decide how many and which ones to target. We now look at how companies evaluate and select target segments. The company also needs to examine major structural factors that affect long-run segment attractiveness. For example, a segment is less attractive if it already contains many strong and aggressive competitors. The existence of many actual or potential substitute products may limit prices and the profits that can be earned in a segment. The relative power of buyers also affects segment attractiveness. Buyers with strong bargaining power relative to sellers will try to force prices down, demand more services, and set competitors against one another—all at the expense of seller profitability. Finally, a segment may be less attractive if it contains powerful suppliers who can control prices or reduce the quality or quantity of ordered goods and services.
Product development: A strategy for company growth by offering modified or new products to current market segments. Developing the product concept into a physical product in order to ensure that the product idea can be turned into a workable product.

Product development—offering modified or new products to current markets.

Market development: A strategy for company growth by identifying and developing new market segments for current company products.